

**Municipal Building
Chattanooga, Tennessee
September 21, 1999**

The meeting of the Chattanooga Council was called to order by Chairman Lively with Councilmen Eaves, Franklin, Hakeem, Hurley, Pierce, Rutherford and Taylor present; Councilman Crockett was absent due to personal commitment. City Attorney Randall Nelson, Management Analyst Randy Burns, and Council Clerk Carol O'Neal, CMC, were also present.

INVOCATION

Invocation was given by Vice Chairman Hakeem.

MINUTE APPROVAL

On motion of Councilman Taylor, seconded by Councilman Franklin, the minutes of the previous meeting were approved as published and signed in open meeting.

SPECIAL PRESENTATION:
PROCLAMATION HONORING "C. B."
ROBINSON

Mayor Kinsey stated "C. B." made an impression on his life since he was a teenager. He read the text of the Proclamation, which chronicled some of former Rep. Robinson's accomplishments. He stated he knows it will be a wonderful event to celebrate his accomplishments; that this is the least we can do for such a great legend.

RESOLUTION HONORING CLARENCE B.
ROBINSON

Councilman Hakeem thanked Mayor Kinsey for his efforts on behalf of the Committee hosting the recognition of Rep. Robinson. He stated the event would take place on Friday, September 24 at 5 p.m. at the Orchard Knob Baptist Church. He stated Rep. Robinson will be recognized by the City, County, State and possibly the Federal government, also. He stated the event is open to the public and invited all to come out and share in the celebration of the life of Rep. Robinson.

RESOLUTION HONORING CLARENCE B. ROBINSON (Continued)

On motion of Councilman Hakeem, seconded by Councilwoman Hurley,

A RESOLUTION RECOGNIZING AND HONORING CLARENCE B. ROBINSON FOR HIS OUTSTANDING EFFORTS AND ACCOMPLISHMENTS BOTH AS AN EDUCATOR AND AS A CIVIC AND POLITICAL LEADER

was adopted.

SPECIAL PRESENTATION: DELEGATION FROM CHINA

Jim Frierson stated he is happy to bring to the City very significant visitors; that the City draws interesting visitors from all over the world. He stated it is interesting to learn Chattanooga is in "company" with other cities that have been on the trail for those seeking to learn more about how communities operate. He stated in this case, we have been on the receiving end from China of a delegation headed by Vice Secretary of the Ministry of Science and Technology from Beijing accompanied by three members of her staff and seven Mayors or Vice Mayors from cities across all of China, some as large as ten million. He stated some of the cities are smaller than Chattanooga but all are convinced there is something about Chattanooga as a living laboratory that means they can come here and learn. He stated he is grateful for the visitors and expressed thanks for the very warm meeting with five members of the Council prior to the Council meeting. He introduced Ms. Li Maoming, Leader of the delegation, and Mr. Chen Heping, the interpreter.

Ms. Maoming spoke through her interpreter and stated she and the others in the delegation are visiting Chattanooga to learn more about sustainable development in the areas of energy and environmental protection; that they are present to promote the cooperation between China and the USA and the cooperation between enterprises and cities in environmental protection, efficient energy usage and sustainable development. She stated twenty years ago Chattanooga was heavily polluted; that efforts made by the City's authorities have made this city very beautiful for a living laboratory for many to learn something from it. She stated they are happy they have something to take back to China; that what they have seen while working along the River is something they will never forget. She stated they wish they could stay longer and learn more. She concluded her remarks by expressing thanks to all for the opportunity to further promote friendship between the two countries.

At this point, Chairman Lively thanked Ms. Maoming for her comments and asked the delegation to stand so they could be recognized.

SPECIAL EXCEPTIONS PERMIT

1999-147: St. Thaddaeus Episcopal Church

On motion of Councilwoman Hurley, seconded by Councilman Taylor,

AN ORDINANCE TO AMEND ORDINANCE NO. 6958, AS AMENDED, KNOWN AS THE ZONING ORDINANCE, SO AS TO REZONE A TRACT OF LAND LOCATED AT 4300 LOCKSLEY LANE, MORE PARTICULARLY DESCRIBED HEREIN, FROM R-1 RESIDENTIAL ZONE TO SPECIAL EXCEPTIONS PERMIT

passed second reading. On motion of Councilwoman Rutherford, seconded by Councilman Taylor, the Ordinance passed third and final reading and was signed in open meeting.

REZONING

1999-153: Paul J. Turner

On motion of Councilwoman Rutherford, seconded by Councilman Franklin,

AN ORDINANCE TO AMEND ORDINANCE NO. 6958, AS AMENDED, KNOWN AS THE ZONING ORDINANCE, SO AS TO REZONE A TRACT OF LANE LOCATED IN THE 4200 BLOCK OF BENTON DRIVE, MORE PARTICULARLY DESCRIBED HEREIN, FROM R-1 RESIDENTIAL ZONE TO C-2 CONVENIENCE COMMERCIAL ZONE

passed second reading. On motion of Councilwoman Rutherford, seconded by Councilman Taylor, the Ordinance passed third and final reading and was signed in open meeting.

REZONING

1999-159: Seaboard Farms of Chattanooga

On motion of Councilman Pierce, seconded by Councilwoman Hurley,

AN ORDINANCE TO AMEND ORDINANCE NO. 6958, AS AMENDED, KNOWN AS THE ZONING ORDINANCE, SO AS TO REZONE A TRACT OF LAND LOCATED AT 1300 MARKET STREET, MORE PARTICULARLY DESCRIBED HEREIN, FROM M-1 MANUFACTURING ZONE TO C-2 CENTRAL BUSINESS ZONE

passed second reading. On motion of Councilwoman Rutherford, seconded by Councilman Franklin, the Ordinance passed third and final reading and was signed in open meeting.

REZONING

1999-160: Golden Gallon, Inc.

Councilwoman Hurley made the motion to substitute the amendments to this ordinance; Councilwoman Rutherford seconded the motion; the motion carried.

On motion of Councilwoman Hurley, seconded by Councilman Franklin,

AN ORDINANCE TO AMEND ORDINANCE NO. 6958, AS AMENDED, KNOWN AS THE ZONING ORDINANCE, SO AS TO REZONE A TRACT OF LAND LOCATED AT 606 ASHLAND TERRACE, MORE PARTICULARLY DESCRIBED HEREIN, FROM R-1 RESIDENTIAL ZONE TO C-2 CONVENIENCE COMMERCIAL ZONE

passed second reading. On motion of Councilwoman Hurley, seconded by Councilman Franklin, the Ordinance passed third and final reading and was signed in open meeting.

AMEND ZONING ORDINANCE

On motion of Councilwoman Hurley, seconded by Councilman Pierce,

AN ORDINANCE TO AMEND ORDINANCE NO. 6958, AS AMENDED, KNOWN AS THE ZONING ORDINANCE, TO AMEND ARTICLE II, SECTION 106, IN ORDER TO PERMIT COMMERCIAL AND INDUSTRIAL DEVELOPMENT ON PRIVATE ACCESS EASEMENTS

passed second reading. On motion of Councilwoman Hurley, seconded by Councilman Franklin, the Ordinance passed third and final reading and was signed in open meeting.

CLOSE AND ABANDON

1999-089: Koch Foods, LLC

On motion of Councilwoman Hurley, seconded by Councilman Franklin,

AN ORDINANCE CLOSING AND ABANDONING A PORTION OF EAST 18TH STREET, A PORTION OF KERR STREET, WEBSTER ALLEY, AND AN UNNAMED ALLEY, MORE PARTICULARLY DESCRIBED HEREIN AND AS SHOWN ON PLAT ATTACHED HERETO AND MADE A PART HEREOF BY REFERENCE, SUBJECT TO CERTAIN CONDITIONS

passed second reading. On motion of Councilman Franklin, seconded by Councilman Taylor, the Ordinance passed third and final reading and was signed in open meeting.

AMEND CITY CODE

On motion of Councilwoman Hurley, seconded by Councilman Franklin,
**AN ORDINANCE TO AMEND CHATTANOOGA CITY CODE, PART II,
CHAPTER 24, SECTIONS 24-501 AND 24-502, RELATIVE TO
THROUGH STREETS**

passed second reading. On motion of Councilman Franklin, seconded by Councilman Taylor, the Ordinance passed third and final reading and was signed in open meeting.

AMEND CITY CODE

On motion of Councilwoman Rutherford, seconded by Councilman Pierce,
**AN ORDINANCE TO AMEND CHATTANOOGA CITY CODE, PART II,
SECTION 26-17(3), REGARDING THE POSSESSION OF ALCOHOLIC
BEVERAGES WITHIN CITY PARKS AND PLAYGROUNDS**

passed second reading. On motion of Councilman Franklin, seconded by Councilman Pierce, the Ordinance passed third and final reading and was signed in open meeting.

REZONING

1999-033: Joiner Place

Councilman Eaves stated this matter was discussed last week and the applicant was to bring in the plans for the property.

Peggy Haynes, applicant, asked those in support of this request to stand. She stated she does not have a sales contract as no one will buy a piece of property that is not zoned. She made reference to the continued mention of her request being "speculative;" that she had been told nothing could get rezoned without a lawyer. She stated she has given a great deal of thought to the things that were mentioned last week and the points made were well taken. She stated she knows the goal in East Brainerd is for stair step zoning; that this is the "missing step" right now and this is a fair and equitable request. She stated we are talking about light residential for this area and the Study has been ignored totally; that the land is within the Gunbarrel Corridor and is no longer suitable for single family because of all the development.

Councilman Eaves stated he would like to get some idea of what type of businesses Ms. Haynes intends to have.

REZONING (Continued)

Ms. Haynes stated she obviously misunderstood; that she thought she had been asked to bring more information. She stated when she and others looked at the area it was decided the highest and best use would be for a retirement assisted living facility where older persons could live and be close to medical care and still be close to the "mainstream of life".

Chairman Lively informed Ms. Haynes that the Council had heard this previously; that they need to know something about what is being planned; that she should answer Councilman Eaves' question. Ms. Haynes stated she continuously heard the word "speculative" over and over last week.

Chairman Lively stated he does not know who told Ms. Haynes that she needed to have an attorney; that the largest majority of people who come before the Council make their own presentations; that those with attorneys are usually those with highly controversial pieces of property. Ms. Hayes stated she did not know what else the Council wanted from her.

At this point, Councilman Eaves made the motion to approve the request.

Councilwoman Rutherford stated she missed the meeting last week and asked if there was opposition. A response from the audience indicated "yes".

Councilwoman Rutherford asked if there is a drawing or plan of what Ms. Hayes plans to build. Ms. Haynes indicated that the drawing was distributed last week.

Councilwoman Rutherford stated she was not present last week due to another obligation and asked if Ms. Haynes had a conceptual drawing of what the building will look like and whether a buyer or developer has been "lined up". Ms. Hayes responded "no" to both questions and stated she has a number of persons she has been speaking with but they will not waste their time without knowing the zoning; that she could have a possibility if the zoning is approved.

Jim Holbrook of 7508 Ziegler presented for the record a petition of approximately twenty homeowners against the rezoning. He stated he did not have time to get to all the homeowners.

Councilman Taylor asked for clarification; that last week the same thing was discussed and asked if there is not a potential buyer at this time.

Ms. Haynes responded "yes, there are several;" that they will not waste time talking with her. She stated R-4 would allow for offices or apartments; that there are a number of other areas of commercial that have been rezoned.

REZONING (Continued)

Councilman Taylor stated in looking at the Council's previous record of how we do zoning he is still asking the same question asked last week which is what if someone is interested in that piece of property and this is not the zone they need? Ms. Haynes responded "R-4 would be".

Councilman Taylor asked Ms. Haynes if she has a buyer and that she was to bring preliminary drawings today. Ms. Haynes indicated that she did not understand that and is sorry; that no one will consider buying without rezoning and they don't have time to waste. She stated she brought in a contract for rezoning previously and was turned down.

Councilman Taylor asked if the Council would be setting a precedent by rezoning hoping something will take place. Ms. Haynes stated it has been done that way over and over.

Someone from the audience indicated that persons from the neighborhood are present and would like to share some of their experiences.

Councilman Hakeem expressed appreciation and concern regarding the housing situation where the individuals live; that there have been efforts made to portray this request as not being speculative, but he has to disagree. He stated people have come before this Council with potential buyers and they have had options; that there have been individuals who have come with the residents in the community to let the Council in on what they are doing, what they have done and how. He stated the Council is not saying the property will not be rezoned, but not on a "maybe". He stated there are many other places in this City where people would like to have zoning changed because of a "maybe"; that he does not see the Council being in a posture of saying no to them and increasing a workload where there is really nothing planned at this time from what he can perceive.

Ms. Haynes stated she would agree if this was in some other area; that the only people affected on Ziegler would be the people immediately across the street. She stated directly across the street is a church; that there is a lady in a nursing home that has left her home to the church, Mr. Holbrook and three other houses in a row that belong to relatives of one of the men asking for rezoning, Mr. Willowford. She stated there is no way they are affected at all.

Councilwoman Rutherford stated we are dealing with 20 acres and asked if this became apartments and not a retirement area how many apartments could be allowed on 19.7 acres? Admin. Marcellis expressed that there could be about 400 if they go the full density; that it would be roughly 18-20 per acres.

At this point Chairman Lively called for a second to Councilman Eaves' motion to approve; there being none, the motion "died" for lack of a second.

REZONING (Continued)

Councilman Hakeem expressed to the residents present that as he said previously this is not to say the Council would not rezone this property; that the Council needs something more definite than what has been heard.

At this point, Councilman Hakeem made the motion to deny with Councilman Taylor seconding the motion.

Susan Johnson of 1715 North Joiner Road asked for clarification as to whether the concern that an R-4 could be 400 apartments; that if they wanted to put in a nursing home or retirement home of some type where there would be 250 residents is that where they are missing the "information bridge". She again asked if the Council's concern about whether the R-4 would be potentially apartments which would have too much high density. She asked if offices would be a problem. City Attorney Nelson stated there could be a number of things.

Ms. Johnson stated there is an office beyond her back yard, which apparently is not a problem in that area. She asked where they are "missing the boat" to help this along.

Councilman Hakeem stated one thing he would say just the neighbors present is that as they move into the future they should want to know what will be around them; that it is part of the Council's responsibility to have a clear idea of what is being proposed.

Ms. Johnson stated when her family moved into this neighborhood it was a country nothing; that she never expected there to be dumpsters being dumped at 5 a.m. in the morning nor street sweepers. She stated she would like to replace what she had fifteen years ago with something further out in Hamilton County where it is quiet; that she cannot sell because of the closeness and the noise.

Councilman Franklin asked that the City Attorney give an idea of what is allowed in R-4. City Attorney Nelson read from a host of permitted uses for the R-4 zone from the Zoning Ordinance.

Councilwoman Rutherford stated if Ms. Haynes came to her with a buyer, with a plan and could show there would be 200 units for the elderly, she would be very interested in hearing it, but cannot vote to rezone on such a blanket zoning.

Chairman Lively stated the Council is not trying to be difficult; that the Council denied a \$60 million dollar shopping center which shows their convictions about making sure people living in that area are protected.

REZONING (Continued)

Councilman Taylor stated if the matter is denied it will take nine months before it can come back; that within that period of time Ms. Haynes might find a buyer or someone who is interested. He asked if the matter could be deferred or if the applicant can withdraw the request.

Councilman Eaves asked if the matter could be tabled until a buyer is secured. City Attorney Nelson stated the problem with that is they would come back with an amended plan and Planning should look at it before the Council does. He stated it is a little more than what we normally table for because the general rule is if it is something that is changed or something Planning might give a different recommendation about, it should be sent back to Planning.

Councilman Eaves expressed that he did not accept City Attorney Nelson's argument; that they may come back with a partial R-4 and some of it may be other things. He stated it might be a nursing home and something else; that the whole idea is to come back with a plan which is what they have been asked to do.

At this point, Councilman Eaves made the motion to table the matter six months, with Councilman Pierce seconding the motion.

Councilman Hakeem stated the information that the City Attorney brought up regarding the plans are valid. He asked if the Council is going to tell them they need to go back to Planning or will something be done here?

Councilman Taylor stated one of the things the Council has heard throughout this discussion is the assisted living "piece"; that he thinks that was one of the assurances he has heard; that as far as the discussion is concerned, the assisted living or office has been mentioned and anything other than that he would recommend it go back to Planning.

Councilwoman Rutherford stated several months ago the City Attorney advised the Council of some type of court ruling and stated the Council had been acting improperly. She asked if the Council should follow that procedure in this instance.

City Attorney Nelson stated Councilwoman Rutherford is referring to the Knox County case that came down in July, 1997; that Knox County changed an ordinance without referring it back to Planning and it was "struck down" by the Tennessee Court of Appeals in Knoxville. (He indicated a copy of that Decision would be forwarded to Council members.)

Councilwoman Rutherford stated to help these people the Council could end up hurting them. Councilman Taylor stated the key is significant change.

REZONING (Continued)

Councilwoman Hurley stated one of the problems is the use of the term "plan"; that what the Council had hoped for was a commitment from someone; that it is not entirely true people will not make commitments before a zoning change. She stated the Council's experience is that in most of the decisions we have made, someone has already committed to that property and comes with a plan; that this is a very sensitive area. She stated whatever happens here will make the next wave of R-4 sensitive; that this is just one more sensitive area after another. She stated if the Council does not know what quality development has been committed, then we will not be any better off in six months that we are today.

Councilman Pierce stated he and Councilman Eaves made the motion to table; that he feels the motion should be carried through before more discussion is held.

At this point, Councilmen Hakeem and Taylor withdrew their motion and second to deny the request.

Councilman Eaves stated he asked for a six months deferral; that as it stands now if the matter is denied the applicant cannot bring anything up that has a request for R-4 for nine months. He stated the six months tabling motion will give them "daylight" to do some marketing.

Councilman Taylor stated if they withdraw their motion they can come back at any time. City Attorney Nelson responded "that is correct".

At this point, Councilman Eaves and Pierce withdrew their motion to table the matter six months in an effort to allow the applicant an opportunity to withdraw the request.

Ms. Haynes stated the county approved the blanket R-4 request.

Councilman Eaves informed Ms. Haynes that if the request was withdrawn she could come back anytime, but will have to go through the entire process again.

Councilwoman Hurley clarified that it is the joint City/County Planning Agency; that withdrawing the request would be a "fast track"; that if she had a buyer she could come back in two months and be through. She stated the City/County Planning Commission passed it and presumably they will do it again.

REZONING (Continued)

At this point the applicant requested that the matter be withdrawn.

On motion of Councilman Pierce, seconded by Councilwoman Rutherford,
**AN ORDINANCE TO AMEND ORDINANCE NO. 6958, AS AMENDED,
KNOWN AS THE ZONING ORDINANCE, SO AS TO REZONE A TRACT
OF LAND LOCATED IN THE 1700 BLOCK OF NORTH JOINER ROAD
AND IN THE 7400 AND 7500 BLOCKS OF ZIEGLER ROAD, MORE
PARTICULARLY DESCRIBED HEREIN, FROM R-1 RESIDENTIAL
ZONE TO R-4 SPECIAL ZONE, SUBJECT TO CERTAIN CONDITIONS**
was withdrawn by the applicant.

(COUNCILMAN EAVES EXCUSED HIMSELF FROM THE MEETING.)

**AMEND CITY CODE: RELATIVE TO
PAWNBROKERS**

Atty. Hal North was present representing Value Pawn and Household Pawn who maintain three pawnshops in Chattanooga. He stated he has received the Ordinance in detail and conversed with Atty. Parker. He stated basically their problem "boils down" to one provision, which is contained in Section 11-246 (b) (6) and (e) listed on page five of the Ordinance which requires a photocopy be made of the customer's identification at the time of pawn and of any other person who comes back and reclaims the pawned item after the initial pawn. He stated if there is anything he would like to make clear, it is that this is not a minor inconvenience for his client, it is a major administrative nightmare. He stated his clients in 1988 had 74,000 pawn transactions and under the provisions of this Ordinance they would be required to have 74,000 individual pieces containing the picture photocopy of the licensed identification of the people that come in. He stated that requires the three pawnshops to hire additional personnel at a cost not only for maintaining business, but complying with the City's Ordinance. He stated other pawn shop owners who run smaller operations would be required to purchase and maintain photocopying machines which they would not otherwise need. He stated for background, the pawn business is one of the most highly regulated businesses in the State; that pawn shops under Tennessee Law in 1988 and amended in 1995 requires us to turn over our records on all pawns transactions within 48 hours and in Chattanooga we do that not only to the City but to Hamilton County. He stated in 1998 over 154,000 records were turned over jointly to the City of Chattanooga and Hamilton County.

**AMEND CITY CODE: RELATIVE TO
PAWNBROKERS (Continued)**

Atty. North stated the law as it currently exists under State law provides that various identification pieces are valid and can be presented; that the failure to do so to require and take information from the ID is subject to a Class A misdemeanor. He stated the law also provides if that is violated by a pawnshop owner, manager or partner of that business, the license can be revoked by the municipality. He stated it is their impression and understanding that the problem we are trying to prevent could be prevented basically by enforcement of existing law; that if his clients and other pawn brokers are not complying with State law as it is, they should be cited. He stated if they are not complying and the noncompliance is extreme they should have their State regulated license taken away by the City. He stated pawnshop owners do not need nor can afford an administrative nightmare of 74,000 additional pieces of paperwork; that the concern he has is if information provided at the outset to a pawnshop owner is false it would not help having a physical copy of that false information. He stated no benefit is derived from making a copy of a false ID. He stated the requirement under this Ordinance is in violation of the existing State law and is, in fact, invalid. He stated he enjoys and gets paid to litigate lawsuits but submits it is not financially beneficial to his clients or the City to continue to litigate over issues such as this subject to enforcement regulations subject to the City of Chattanooga.

Councilwoman Rutherford asked Atty. Parker if what we are proposing is legal.

Atty. Parker stated he did not think requiring a copy of identification is contrary to State law; that State law does not say we cannot require reports any different from the Statute. He stated all we are asking for is to verify information given to pawnshops and thinks this would benefit pawnshops as well as the City and would be "cracking down" on people using false ID's. He stated Detective Chance is present and can verify that an item was pawned five different times and the identification used was of a person who had been dead three years; that the pawn was made in Atty. North's client's pawn shop. He reiterated that he did not think this violates State law and thinks a copier can be purchased for \$200 these days. He stated pawnshops are charged 264% interest per annum and this (\$200) is not an unreasonable cost to impose on them. He stated the other provision is if the person who comes to pick up the property is different from the one who pawned it, then they would have to make a copy of that ID, as well. He stated there have been instances of stolen pawn tickets, though it is not frequent; that persons walk in with the pawn ticket and the law presumes they are the owner of the property and they get the property. He stated if someone comes in who possibly has a stolen pawn ticket they will have to show identification; that this will greatly assist us.

Councilwoman Hurley stated she has heard some of the justification; that it seems to her if the ID is incorrect in the first place making a copy will not help; that it is hard for her to understand how that makes it less incorrect.

**AMEND CITY CODE: RELATIVE TO
PAWNBROKERS (Continued)**

Atty. Parker stated there was one instance where a person went into a pawnshop and wanted to pawn an item; that he was given the pawn transaction document and walked off; that his ID was never looked at. He stated some pawnshops operate like that; that he is not saying it is one of Atty. North's clients, but there are some.

Councilwoman Hurley asked if the very act of copying it shows they have looked at it. Atty. Parker responded "yes".

Atty. North stated the existing State law requires that anyway; that if we are not doing that Detective Chance needs to enforce that. He stated they have to take the information from the ID; that if it is a false ID making a copy will not make it any more false and that is the problem. He stated this is an administrative nightmare on 74,000 transactions.

Councilwoman Hurley asked how it is planned the copies will be monitored.

Atty. Parker stated they are getting much more electronic with their enforcement; that they are entering the date from the pawn tickets into the computer to compare the list of property pawned against that which has been stolen.

Councilwoman Hurley stated she is in favor of that; that she is not sure how having a copy facilitates what Atty. Parker is saying.

Atty. Parker stated having verification would be much easier to identify a person pawning and provides a greater measure of proof against the person if they do pawn stolen property.

Chairman Lively stated he realizes the problem and pawnshops are the places it can happen the most. He stated if we start passing every ordinance and law and treat everyone as a potential criminal, we might be overstepping our bounds.

Atty. Parker stated State law requires all the information of ID already; that all we are asking for is a copy to verify the pawn shop has looked at it and provide in court that this is the same person that pawned the property.

Councilman Hakeem asked if the cost factor has been considered in this to the various businesses and whether we are asking them to do our job.

**AMEND CITY CODE: RELATIVE TO
PAWNBROKERS (Continued)**

Atty. Parker stated we are not asking them to do our job but to do their jobs as required by State law; that they are required to look at the information and verify it. He stated we have indication they are not doing that; that all of them are not doing that on all occasions. He stated it is felt this is the way to verify the identity of the person actually coming in which will make a case a lot stronger in court. He stated as far as the cost factor is concerned, a copier can be purchased very cheaply and does not feel this is an unreasonable cost.

Councilman Hakeem stated what they make off of it is considered legal and (he) does not think it is part of the law we are dealing with. He presented a scenario of there being "one bad apple" and not being able to make a law for one person. He asked how this impacts the small business community if we do something that impacts everyone to get at that "one bad apple".

Atty. Parker stated that the majority of businesses operating legitimately would be in favor; that they are the ones having items burglarized and sold at pawnshops and never recovering them. He stated the more we can enforce the Ordinance and recover stolen property the happier they will be.

Atty. North stated Atty. Parker mentioned 264% per annum; that everyone needs to understand the average amount of a pawn will be about \$100 to \$200; that we are not talking about several thousands of dollars. He stated there is no person more highly motivated to prevent trafficking stolen merchandise than the pawnbroker; that there is no one more highly motivated to investigate the identity of a pawn person coming in than we are. He stated if they don't do their job under existing law and take information from the ID and make sure the picture matches, then Detective Chance needs to cite us and in certain cases shut us down. He asked that they not be made to go through an administrative burden in any one calendar year; that if the ID is false and we have looked at it, that does not help anyone if we have a copy of it. He stated if it's false, it's false! He stated as he understands it Atty. Parker's argument is they want to better be able to monitor what we are doing and hears that as more of an argument than catching more thieves. He reiterated that that is a high administrative burden and makes them go beyond what State law indicates as necessary under confidentiality laws.

Councilman Taylor stated this matter came before the Safety Committee and there was an opportunity to discuss it at length. He stated one of the things once the meeting was over, and hopes the Council takes under consideration, was that a pawnbroker was there and one of the things in the Ordinance was if you have a copier or do not. He stated as an owner the pawnbroker was specific in saying this needs to be a "blanket" for all pawnshops.

**AMEND CITY CODE: RELATIVE TO
PAWNBROKERS (Continued)**

Councilman Taylor stated when you talk about the cost of the copy machine, it is minimal expense considering the reason and the purpose for it; that if a license has been stolen the importance of having a picture or some type of ID can be used to say this "is or is not". He stated we hear being stressed "administrative costs"; that he does not foresee a great administrative cost to do this; that when looking at the benefit we can aid in protecting the public and work together with the pawn brokers in partnership. He stated at this point he cannot see that making a copy would be a disadvantage, it would be helpful. He stated a fact has been brought out that it will aid in catching criminals and if that is the sincere goal and objective, this will bring it to the forefront and help in apprehending or reducing crime.

Atty. North stated he does not see any benefit to catching people transmitting stolen merchandise by requiring a copy of an otherwise false ID; that he cannot for whatever reason see that. He stated if the ID is false we don't make the transaction to begin with; that if the benefit is to catch a few people passing false ID's, then make every merchant in Chattanooga do the same thing. He stated it is a substantial burden; that the cost of a copy is approximately five-to-ten cents and on 74,000 it will be a substantial expense. He stated for the benefit of catching someone with stolen merchandise is overkill and does not see any benefit under this. He stated he is fine with every other provision; that it is an administrative nightmare and his clients have a problem about that. He stated if the picture on the ID is bad the transaction cannot be made.

Councilwoman Rutherford stated she thinks of Detective Chance as the expert with the Police Department regarding pawnshops. She stated it is her understanding that every transaction every pawnshop makes has to come through his office. Detective Chance responded affirmatively.

Councilwoman Rutherford asked how many transactions come through each year. Detective Chance responded "over 200,000".

Councilwoman Rutherford asked of that number (200,000) what is the percentage of stolen merchandise.

Detective Chance stated right now he could not say; that at the present they have a lot of property that is recovered from outside agencies in which they are not notified and are trying to address that with this Section of the Ordinance.

Councilwoman Rutherford asked if the photograph on a license assists.

**AMEND CITY CODE: RELATIVE TO
PAWNBROKERS (Continued)**

Detective Chance responded "yes"; that what they look for with photograph ID use is the verification of information. He stated during the last several months there have been three incidents where questions about identity were raised and found a pawn shop listed the person as a white male when it fact it was a black female. He stated when it comes to items going to court, in a case like that the form of identification must be accurate; that the use of a photo helps verify that information is correct. He stated in an incident last year a thief was using a dead person's ID in three different pawnshops within a two-month time frame. He stated when he spoke with the pawnbroker and clerk their information was that everyone looked alike. He stated the photo enhances what the record shows.

Councilman Taylor made the motion to approve the alternate version on first reading; Councilwoman Rutherford seconded the motion.

Atty. Parker stated the alternate version requires all pawnshops to make copies; that the initial Ordinance only requires copies "if they have a copier". He stated the alternate version requested by Councilman Taylor requires everyone to make a copy.

Harry Price of 3411 Roberts Road stated he owns property and has a business in the City. He stated he does not want to "throw rocks" at the Police Department but he has never had the Police ask for anything since he has been in business since November, 1988. He stated he has a copier, fax, scanner and printer; that since Detective Chance has been over the pawnshops each time he (Chance) comes to Council meeting it is for something that will cost them money. He stated Detective Chance stated the forms should be filled out correctly; that one of his clerks miswrote a serial number and he (Chance) came out and "got down" on us because the clerk made a mistake. He stated he tries to look at the ID and wants to move into the new year with new technology. He stated when he closes his business, he faxes a copy of his day's report to the County, but cannot to the City because the City will not allow him to. He stated he can get it to the City quicker and would save him money (to fax it); that he has to print it out and put it in an envelope and mail it. He asked that the pawnshop owners be taken into consideration; that he has lived in Chattanooga a long time, has worked at Combustion and has had speeding tickets; that he has never done anything directly to violate the law. He stated the Ordinance "rapes" them and does ask them to work with the City.

Cliff Dockery stated he does not see how this Ordinance will help anyone; that there were three instances out of 200,000! He stated he looked at the cost of copiers this past weekend and found it is \$350 for a small copier; that he does not do 74,000. He stated he might average five pawns a day and this would not be a big hassle for him; that he would still have to buy a copier and send pawn tickets in. He stated he does not know any pawn broker that is not on computer; that he cannot hand pawn tickets to a gentleman to fill out as it has to be typed into a computer.

**AMEND CITY CODE: RELATIVE TO
PAWNBROKERS (Continued)**

Mr. Dockery stated if they send pawn tickets to Detective Chance it is on computer; that everything he takes in is on computer. He stated all the pawnbrokers present today are on computer. He stated the person that was the "bad apple" should be cited and all of them should not be blamed; that people at Blockbuster, McKay's and area flea markets buy items that are stolen all the time; that he does not necessarily know that but they have a bad reputation. He stated pawnbrokers do not want that reputation; that if pawnshops have to do it everyone should (do it).

Atty. North suggested that the Attorney General be asked for an opinion to see if the Council is inclined to adopt this with the requirement regarding copying. He stated he would like to see if the Attorney General would require the enactment of this Ordinance would not be in violation of existing Tennessee law. He stated that he imagines there could be a prompt turnaround and would save all concerned a lawsuit and litigation that would be far more costly. He stated he is concerned because State law does indicate a ceiling for requirements for reports; that reporting does not currently require photocopying a license.

Joe Mathis stated he does not see where two copies of a driver's license will help; that everything goes on the State record, anyway. He stated he has items he has been holding for Detective Chance for over four years.

At this point the vote on Councilmen Taylor and Rutherford's motion and second to approve the alternate version was called for:

On roll call vote:

Franklin	"No"
Hakeem	"No"
Hurley	"No"
Pierce	"No"
Rutherford	"Yes"
Taylor	"Yes"
Lively	"No"

The motion failed.

Councilman Hakeem asked if Section 11-246 (b)(6) and (e) could be amended to delete the photocopying portion.

Councilman Pierce made the motion to support an opinion from the Attorney General; Councilwoman Rutherford seconded the motion.

**AMEND CITY CODE: RELATIVE TO
PAWNBROKERS (Continued)**

City Attorney Nelson stated he thinks what was suggested was to strike the requirement of photocopying from the alternate version and then pass the rest of the Ordinance; that we could do both so that the rest of the Ordinance comes into play at the same time the Attorney General's opinion comes in if it is affirmative. He stated the Ordinance can be amended to permit what the Attorney General has allowed.

At this point, City Attorney Nelson amended Section 11-246 (b)(6) to delete the sentence, ". . . *The pawnbroker shall make a photocopy of the item or items used for identification and shall keep such photocopy with the pawn ticket.*" He also deleted the end of the sentence in Section 11-246(b)(6)(e) which involved, ". . . *and the pawn broker shall make a photocopy of said identification and keep such photocopy with the original pawn ticket*", and ended the sentence with the word "*above*".

At this point, Councilmen Pierce and Rutherford withdrew their motion.

Councilmen Hakeem and Franklin then made the motion to substitute the amendments to the ordinance made by City Attorney Nelson for passage on first reading.

On motion of Councilman Hakeem, seconded by Councilman Franklin,
**AN ORDINANCE TO AMEND CHATTANOOGA CITY CODE, PART II,
CHAPTER 11, ARTICLE VIII, SECTIONS 11-241 THROUGH 11-250,
RELATIVE TO REGULATIONS FOR PAWNBROKERS**
passed first reading.

AMEND CITY CODE

On motion of Councilwoman Hurley, seconded by Councilman Franklin,
**AN ORDINANCE TO AMEND CHATTANOOGA CITY CODE, PART II,
SECTION 2-353, AS AMENDED, SO AS TO ADD A PROVISION
CONCERNING FACTORS TO BE CONSIDERED WHEN ACCEPTING
BIDS**
passed first reading.

TEMPORARY USE: MIKE DARRAS

Councilwoman Hurley stated she met with Mr. Darras and they were able to come to an agreement. She made the motion to adopt the amended version.

TEMPOARY USE: MIKE DARRAS
(Continued)

On motion of Councilwoman Hurley, seconded by Councilman Franklin,

A RESOLUTION AUTHORIZING MIKE DARRAS OF NEAT STUFF ANTIQUES TO USE TEMPORARILY THE CITY'S RIGHT-OF-WAY AT 1201 HIXSON PIKE FOR DISPLAY OF MERCHANDISE AT SAID LOCATION, SUBJECT TO CERTAIN CONDITIONS

was adopted.

EASTGATE TOWN CENTER PASSIVE PARK

Councilman Hakeem made the motion to defer this matter and stated he would like to have an opportunity to hear from the owner(s) of Eastgate and get an idea as to how much money is to be spent and what is being planned as firm guidelines have not been set for economic development monies. He stated he would like to have an opportunity to really review a lot of that and asked for the matter to be deferred two weeks.

Councilwoman Rutherford stated the Park is there; that it was approved by the Council some months ago. She stated she would welcome Council members to come out and view it as it is a beautiful Park and will certainly speak well for itself and the money promised from the City.

Councilman Hakeem stated what he asked for was an opportunity to talk with an owner or the owners to come before the Council regarding this.

On motion of Councilman Hakeem, seconded by Councilman Pierce,

A RESOLUTION AUTHORIZING THE PAYMENT OF UP TO TWO HUNDRED FIFTY THOUSAND DOLLARS (\$250,000.00) FROM THE ECONOMIC DEVELOPMENT FUND TO THE EASTGATE TOWN CENTER FOR THE CONSTRUCTION OF A PASSIVE PARK IN CONJUNCTION WITH THE AGREEMENT WITH EASTGATE TOWN CENTER AS AUTHORIZED BY RESOLUTION NO. 22057

was tabled two weeks.

(COUNCILWOMAN RUTHERFORD EXCUSED HERSELF FROM THE MEETING.)

MATERIALS AND EQUIPMENT RENTAL

Councilman Franklin stated Resolutions 7(c) - (h) and 7(k) - (l) were discussed in Public Works Committee and are recommended for approval.

On motion of Councilman Franklin, seconded by Councilman Pierce,

A RESOLUTION AUTHORIZING THE ADMINISTRATOR OF THE PUBLIC WORKS DEPARTMENT TO ACCEPT UP TO FIFTY THOUSAND DOLLARS (\$50,000.00) IN MATERIALS AND EQUIPMENT RENTAL FROM THE TENNESSEE VALLEY AUTHORITY (TVA) RELATIVE TO NORTH CHICKAMAUGA CREEK BANK STABILIZATION

was adopted.

CONTRACT: GROUND IMPROVEMENT TECHNIQUES, INC.

On motion of Councilman Pierce, seconded by Councilman Franklin,

A RESOLUTION AUTHORIZING THE AWARD OF CONTRACT NO. SL-1-99 GAS EXTRACTION SYSTEM AND CAP, TO GROUND IMPROVEMENT TECHNIQUES, INC., FOR THEIR LOW BID IN THE AMOUNT OF TWO MILLION, NINE HUNDRED SEVENTY-ONE THOUSAND, FIVE HUNDRED THIRTEEN AND 37/100 DOLLARS (\$2,971,513.37)

was adopted.

CONTRACT: STEIN CONSTRUCTION CO., INC.

On motion of Councilman Franklin, seconded by Councilman Pierce,

A RESOLUTION AUTHORIZING THE AWARD OF CONTRACT NO. DM-1-99, DEMOLITION OF STRUCTURES ON OLD EUREKA FOUNDRY SITE, TO STEIN CONSTRUCTION COMPANY, INC., FOR THEIR LOW BID IN THE AMOUNT OF SIXTY-TWO THOUSAND, NINE HUNDRED SEVENTY-EIGHT DOLLARS (\$62,978.00)

was adopted.

CHANGE ORDER

On motion of Councilman Franklin, seconded by Councilman Taylor,

A RESOLUTION AUTHORIZING THE EXECUTION OF CHANGE ORDER NO. 3 (FINAL), CONTRACT NO. 28I, MOCCASIN BEND WASTEWATER TREATMENT PLANT BUILDING EXPANSION AND RENOVATION PROJECT, WITH DEVAN BROWN CONSTRUCTION, INC., WHICH CHANGE ORDER INCREASES THE CONTRACT AMOUNT BY TWENTY-THREE THOUSAND, FOUR HUNDRED THIRTY-ONE DOLLARS (\$23,431.00) FOR A REVISED CONTRACT AMOUNT OF TWO MILLION, ONE HUNDRED SIXTY-SEVEN THOUSAND, THREE HUNDRED SIXTY-ONE DOLLARS (\$2,167,361.00), AND WHICH CHANGE ORDER INCREASES THE CONTRACT TIME BY FIFTEEN (15) CALENDAR DAYS FOR A COMPLETION DATE OF APRIL 22, 1999

was adopted.

SEWER EASEMENT

On motion of Councilman Franklin, seconded by Councilman Taylor,

A RESOLUTION AUTHORIZING THE PURCHASE OF A SEWER EASEMENT FROM NEAL L. BUCK AND BERTIE BUCK, RELATIVE TO CONSTRUCTION OF SANITARY SEWER LINE ACROSS 1704 GRAY ROAD, TRACT NO. 1591-B-006, FOR A CONSIDERATION OF FIFTY DOLLARS (\$50.00)

was adopted.

TEMPORARY USE: DESIGNERS MARKET AND ANTIQUES

On motion of Councilman Pierce, seconded by Councilman Franklin,

A RESOLUTION AUTHORIZING DESIGNERS MARKET AND ANTIQUES TO USE TEMPORARILY THE CITY'S RIGHT-OF-WAY AT 2622 BROAD STREET FOR THE INSTALLATION OF A CANVAS AWNING, MORE PARTICULARLY DESCRIBED HEREIN, SUBJECT TO CERTAIN CONDITIONS

was adopted.

QUITCLAIM DEED

Councilman Taylor stated a couple of these lots are located within his district in St. Elmo; that he would like to make sure it is part of public record that as CNE begins to develop he would encourage them to look at the "fabric" of the neighborhood. He stated many of the homes they are building can definitely be identified as "CNE houses;" that he wants to make sure as we move from low income to home ownership that they blend in with the neighborhood. He reiterated that he would ask CNE to "tie in" with the "fabric" of the neighborhood with homes that blend in with the community.

Admin. Traugher stated he would pass Councilman Taylor's comments directly to the development staff of CNE.

On motion of Councilman Hakeem, seconded by Councilman Franklin,

A RESOLUTION AUTHORIZING THE EXECUTION OF A QUITCLAIM DEED JOINTLY WITH HAMILTON COUNTY CONVEYING CERTAIN PROPERTY, MORE PARTICULARLY DESCRIBED HEREIN, TO CHATTANOOGA NEIGHBORHOOD ENTERPRISES, INC. (CNE) TO DEVELOP HOME OWNERSHIP OPPORTUNITIES FOR LOW TO MODERATE INCOME FAMILIES

was adopted.

QUITCLAIM DEED

Councilman Pierce stated he would like to encourage more of this being done throughout the City; that with the vacant lots the City has to keep up he would like to see organizations come in and rebuild on them.

On motion of Councilman Pierce, seconded by Councilwoman Hurley,

A RESOLUTION AUTHORIZING THE EXECUTION OF A QUITCLAIM DEED JOINTLY WITH HAMILTON COUNTY CONVEYING CERTAIN PROPERTY, MORE PARTICULARLY DESCRIBED HEREIN, TO INNER CITY DEVELOPMENT CORPORATION (ICDC) TO DEVELOP HOME OWNERSHIP OPPORTUNITIES FOR LOW TO MODERATE INCOME FAMILIES

was adopted.

CONTRACT: CASE CONSTRUCTION SERVICES, INC.

On motion of Councilman Franklin, seconded by Councilman Taylor,

A RESOLUTION AUTHORIZING THE AWARD OF CONTRACT NO. 82-99, ALTAMONT ROAD SEWER SYSTEM IMPROVEMENTS, TO CASE CONSTRUCTION SERVICES, INC. FOR THEIR LOW BID IN THE AMOUNT OF THREE HUNDRED SEVENTY-SEVEN THOUSAND, ONE HUNDRED EIGHTY-SIX AND 58/100 DOLLARS (\$377,186.58)

was adopted.

CONTRACT: GPM ENVIRONMENTAL

On motion of Councilman Pierce, seconded by Councilman Franklin,

A RESOLUTION AUTHORIZING THE AWARD OF CONTRAT NO. 82-99P, ALTAMONT ROAD SEWER SYSTEM IMPROVEMENTS, PROCUREMENT OF SUBMERSIBLE SEWAGE PUMPS, TO GPM ENVIRONMENTAL FOR THEIR BID IN THE AMOUNT OF SIXTY-TWO THOUSAND, FIVE HUNDRED DOLLARS (\$62,500.00)

was adopted.

OVERTIME

Overtime for the week ending September 17, 1999 totaled \$20,862.88.

PERSONNEL

The following personnel matter was reported for the Human Services Department:

SAMMIE PROUTY -- Retirement, Executive Assistant, Administration, effective August 31, 1999.

PURCHASE

On motion of Councilwoman Hurley, seconded by Councilman Franklin, the following purchase was approved for use by the Human Services Department:

EASTMAN CONSTRUCTION COMPANY (Change Orders 1 and 2)
Contract No. P0012183

Change Orders #1 and #2 on Cedar Hill Headstart Renovations

\$196,050.00	Original Contract Amount
7,476.00	Change Order #1
<u>8,458.80</u>	Change Order #2
\$211,984.80	Total Contract Cost

PERSONNEL

The following personnel matters were reported for the Parks and Recreation Department:

VINCENT K. FIELDS -- Termination, Crew Worker, Tennessee Riverpark Downtown, effective September 17, 1999.

MARK GRAVES -- Resignation, Assistant Zoo Supervisor, effective September 25, 1999.

MICAH E. ARNOLD -- Resignation, Crew Worker, Golf Division, effective October 1, 1999.

PURCHASE

On motion of Councilwoman Hurley, seconded by Councilman Franklin, the following purchase was approved for use by the Parks and Recreation Department:

TOWER CONSTRUCTION (Lowest and best bid of \$229,254.00 for the City)
Requisition No. R0042541

ADA Retrofitting for Washington Hills, Shepherd and Tyner Recreation Centers (All bids were over budgeted amount; this price was arrived at through negotiations with low bidder)

\$129,254.00

PURCHASES

On motion of Councilman Pierce, seconded by Councilwoman Hurley, the following purchases were approved for use by the General Services Department:

Requisition No. R0042262

Reject all Bids for Modifications to the HVAC System at Bessie Smith Heritage Hall due to Budgetary Reasons

RAINES BROTHERS, INC. (Lowest and best bid)
Requisition No. R0042702

Repair of the Front Steps of City Hall

\$73,568.00

RIVERBEND CONSTRUCTION (Change Order #4)
Contract No. P0012106

For Chattanooga Safewalk Project

\$511,191.00	Original Contract Amount
<u>9,500.00</u>	Change Order #4
\$520,691.00	Total Revised Contract Price

PERSONNEL

The following personnel matters were reported for the Public Works Department:

Roslyn A. Bush -- Resignation, Secretary, City-wide Services, effective September 17, 1999.

TERRANCE D. SCHOFIELD -- Employment, Crew Worker, City-wide Services, Pay Grade 3/Step 1, \$15,230.00 annually, effective September 15, 1999.

CAROL S. SIVLEY -- Promotion, Development Coordinator, Engineering Division, Pay Grade 14/Step 6, \$34,364.00 annually, effective July 1, 1999.

PERSONNEL (Continued)

RICHARD H. COCHRANE -- Promotion, Development Coordinator, Engineering Division, Pay Grade 14/Step 1, \$27,491.00 annually, effective September 24, 1999.

JAMES R. HIGDON -- Promotion, Engineering Designer, Pay Grade 17/Step 6, \$38,543.00 annually, effective September 1, 1999.

ROBERT L. QUINN -- Promotion, Engineering Designer, Pay Grade 17/Step 6, \$38,543.00 annually, effective July 1, 1999.

PURCHASES

On motion of Councilwoman Hurley, seconded by Councilman Franklin, the following purchases were approved for use by the Public Works Department:

FURROW-JUSTICE MACHINERY (Best bid)
Requisition No. R0040980

Rubber Tired Hydroscopic Excavator

\$219,818.00

TENNANT COMPANY
Requisition No. R0041085

Street Sweeper

\$105,739.82

BRADLEY TANK & PIPE (Best bid)
Requisition No. R0041200

Corrugated Metal Pipe

(Price information available and filed with minute material)

PURCHASES (Continued)

WINONA LIGHTING OF CHATTANOOGA, TENNESSEE (Single Source)
Requisition No. R0042351

Top Luminaire per TCA 6-56-301

\$11,200.00

TDOT CONTRACT: RESOLUTION
NO. 22187

Admin. Marcellis informed the Council of a correction in the maintenance contract approved with the Tennessee Department of Transportation per Resolution 22187 for fiscal year 1999-2000 relative to the State reimbursing the City for maintenance work on State highways routed through the City. He stated while there was no maximum amount stated in the Resolution, he mentioned in Public Works Committee that the maximum dollar amount that TDOT would reimburse the City was \$335,876.12. He stated TDOT informed him that the amount was incorrect; that the new amount is \$30,166.27 higher or \$366,042.39.

PERSONNEL

The following personnel matters were reported for the Fire Department:

JAMES H. MAHONEY, JR. -- Resignation, Accounting Technician, effective September 17, 1999.

WILLIAM T. PIPPIN -- Retirement, Commander, effective September 23, 1999.

PURCHASE

On motion of Councilwoman Hurley, seconded by Councilman Taylor, the following purchase was approved for use by the Fire Department:

HARLESS FIRE EQUIPMENT (Single Source)
Requisition No. R0039578

Miscellaneous Rescue Equipment for Fire Supply

\$10,210.00

HOTEL PERMITS

On motion of Councilman Pierce, seconded by Councilman Taylor the following hotel permits were approved:

SHONEY'S INN, 5505 Brainerd Road

SUBURBAN LODGE, 5730 Lee Highway

EASTGATE MOTEL, 5611 Brainerd Road

HOMEWOOD SUITES, 2250 Center Street

EXTENDED STAY AMERICA, 6240 Airpack Drive

GUEST HOUSE INN, 2201 Park Drive

BEST WESTERN HERITAGE INN, 7641 Lee Highway

MOTEL 6, 7707 Lee Highway

RED ROOF INNS INC., 7014 Shallowford Road

HOLIDAY INN EXPRESS, 7024 McCutcheon Road

COMFORT SUITES, 7324 Shallowford Road

COURTLAND BY MARRIOTT, 2210 Bam Road

DAYS INN AIRPORT, 7725 Lee Highway

HOLIDAY INN, 2324 Shallowford Village

SLEEP INN, 2351 Shallowford Village

PERSONNEL

The following personnel matters were reported for the Police Department:

ALICE F. WALKER, CHERRY A. EVANS, ELIJAH FLEMING, JR. -- Hire, School Patrol Officer, \$22.80 daily, effective September 24, 1999.

PERSONNEL (Continued)

ELIZABETH WILLIAMS -- Resignation, School Patrol Officer, effective September 24, 1999.

JOHNNY M. BARNETT -- Retirement, Police Sergeant, effective September 17, 1999.

DANIEL CHRISTIAN -- One Day Suspension (without pay), Police Officer, effective September 22, 1999.

CARSON HENNESSEE -- Dropped from Payroll, Police Officer, effective September 16, 1999.

PERSONNEL

The following personnel matters were reported for the Finance Department:

TERESA J. FRYAR -- New Hire, Payroll Technician, Pay Grade 8/Step 1, \$20,803.00 annually, effective September 24, 1999.

BOARD APPOINTMENTS

On motion of Councilman Pierce, seconded by Councilwoman Hurley, the following Board appointments were approved:

HUMAN RIGHTS/HUMAN RELATIONS BOARD:

- ✍ Reappointment of **MANUEL RICO** for a term ending September 30, 2002;
- ✍ Appointment of **MIGUEL OSORES** for a term ending September 30, 2002 representing District 2.

PURCHASE

On motion of Councilman Taylor, seconded by Councilwoman Hurley, the following purchase was approved for use by the City Council:

STAPLES/IVAN ALLEN (Lowest and best bid)
Requisition No. R0029488; Bid No. B0000358

Office Furniture for New City Council Offices

\$30,642.91

PURCHASE

On motion of Councilman Pierce, seconded by Councilman Franklin, the following purchase was approved for use by the Department of Neighborhood Services:

MUNICIPAL SOFTWARE CORPORATION

Requisition No. R0045724

Annual Software Maintenance

\$10,000.00

HEARING: REGINALD FINLEY

City Attorney Nelson reminded Council members of the personnel hearing for Reginald Finley scheduled for Monday, September 27 beginning at 6 p.m. with Councilmen Crockett (Chair), Rutherford and Eaves serving as the panel.

HEARING: JENNIFER DUGAN

Councilman Taylor stated a personnel hearing for Jennifer Dugan was held last evening and the charge against Ofcr. Dugan was modified to a written reprimand.

COMMITTEES

In the absence of Councilman Crockett, Chairman Lively scheduled a meeting of the **Economic Development Committee for Tuesday, October 19 at 4:30 p.m.** to hear a presentation by UTC officials.

**ALTON PARK/PINEY WOODS
NEIGHBORHOOD MEETING**

Councilman Taylor stated the Alton Park/Piney Woods areas will have a neighborhood and community meeting on Monday, September 27 at 6 p.m. at Calvin Donaldson Elementary School. He stated the meeting is open to those who live in the area including business owners and stakeholders. He stated transportation will be available and day care will be provided.

SEARCY COMPLAINT

Councilman Taylor stated he has referred a complaint from Mrs. Searcy to Chief Dotson and assured her the Chief will address the issue.

"C. B." ROBINSON HONOR

Councilman Hakeem reiterated to persons who might not have been present at the beginning portion of the Council meeting that a recognition program will be given for Former Representative "C. B." Robinson on Friday, September 24 at 5 p.m. at Orchard Knob Missionary Baptist Church on East Third Street. He stated the public is invited to come out and share in this event.

CULTUREFEST

Councilwoman Hurley congratulated the Leadership Chattanooga group and the Hill City Jazz Group for an excellent first annual Culturefest; that Randy Burns had a part to play in the event, as did Candace McRae and Beverly Johnson. She stated it was a wonderful event and that many people came. She stated the Mayor read a proclamation, which was in response to a meeting the Council had with the Mayor and Koinonia; that it was a very positive event.

RECESSION OF MEETING

Chairman Lively recessed the meeting until Wednesday, September 22 at 10 a.m.

CHAIRMAN

CLERK OF COUNCIL

**(A LIST OF NAMES OF PERSONS IN ATTENDANCE IS
FILED WITH MINUTE MATERIAL OF THIS DATE)**

**Municipal Building
Chattanooga, Tennessee
September 22, 1999**

The recessed meeting of the Chattanooga Council was called to order by Chairman Lively with Councilmen Eaves, Franklin, Hakeem, Hurley, Pierce, Rutherford and Taylor present; Councilman Crockett was absent due to personal commitment. City Attorney Randall Nelson, Management Analyst Randy Burns and Council Clerk Carol O'Neal, CMC, were also present.

Chairman Lively recognized Mayor Kinsey who introduced the City's Chief Financial Officer, James Boney, to make the presentation regarding information distributed to those in attendance.

In referring to the information, Admin. Boney stated in May the Council was provided and briefed by Raftellis Financial Consultants about economic benefits associated with the City's ownership of the Tennessee-American Water system. He stated what we have today is a preliminary financing review of what it will be like for the City to actually proceed and be able to finance it. He called attention to the cover letter from Raftellis and stated what we have here is a conservative financial plan that allows us to proceed; that it is more conservative than the sewer fund. He stated we have assumed debt service coverage ratios of 1.2 and 1.3 and will look at the sensitivity of rates and other factors.

Admin. Boney stated the plan allows us to finance a portion of capital expenditures, improvements to systems in terms of ongoing or new system improvements and finance those expenses for operating revenue rather than bond finance revenue. He stated the financing assumption is based on all of this for a fixed 30 year financing at 5.5 percent, which is updated from previous announcements. He stated this is very conservative in that a 30 year fixed rate financing is not always the way we've operated; that we would like to take advantage of funding opportunities and variable rate debt for this type of portfolio and cushion with reserve investments when interest rates increase. He stated at any rate, the starting position is a 30-year fixed rate financing and that in itself is a very conservative, widely recognized way to analyze things. He stated most of the points are in the cover letter and (he) will not dwell a lot on the schedules attached.

RECESSED MEETING (Continued)

Admin. Boney made reference to the distributed information by directing attention to Schedule IV-1 and stated it has been maintained all along there would be some efficiency in the operating cost of this system. He stated since candidate proposals have been received for the operation of the system, the third lowest proposal represented a saving of \$1.7 million per year. He stated it is anticipated that savings might be higher; that this is the third lowest of the bidders; that the lowest bidder had a higher savings and it is expected in the first few years of operation other efficiencies will be found. He stated the basic reason this is possible is that the American Water Works management becomes known when you look at the facts closely; that we expect additional operating savings which could result in additional capital to fund capital expenditures through operating revenue rather than borrowing. He stated it is conservatively less; that we still do not have access to the system and its records and will not until the discovery phase of the litigation and are working with the best information we have.

Admin. Boney continued by stating we anticipate a 24.5 percent ratio in Phase I and a 23 percent reduction in Phase II. He stated it is important to note we do not know which way this will fall; that all we can do is tell what we think Tennessee American's rate structure is doing. He stated we presume and think it is sound to say that 24.5 and 23 percent comparative rate savings are valid through the course of this analysis.

Admin. Boney referred everyone's attention to Schedule IV-6 wherein it was reflected we will achieve a savings in rates over the lifetime of this debt of more than \$100 million over ten years with a 1.2 debt service ratio in debt on our books. He stated Tennessee-American's rate base in 30 years would be \$185 million and the City's outstanding debt service in 30 years will be \$71 million.

Admin. Boney concluded his remarks by stating there is a lot of detail and supporting schedules and will be happy to answer any questions regarding his remarks and the contents of the cover letter.

Mayor Kinsey stated it was mentioned \$71 million was the outstanding debt balance at the end of 30 years. He inquired as to which scenario that is represented in.

Admin. Boney stated the \$71 million is part of the 1.2 debt service ratio in Scenario I; that under the other scenario separated by the divider in the packet which says "Attachment B" all the information beyond that point has to do with a 1.3 debt service coverage. He stated the total debt outstanding in that case is only \$31.9 million and presumes Tennessee-American's would be the same as in the previous scenario.

RECESSED MEETING (Continued)

Councilman Hakeem stated he would like to express to his constituents what Admin. Boney is saying. He asked if we are saying the 1.2 debt service ratio represents a savings of 24.5 percent? He also asked what is factored into the 24.5; that the first thing that comes to mind is we will lower rates 24 percent over the course of the next 30 years. He asked if that is what is being said or what comprises the 24%?

Admin. Boney stated the clearest way he can explain is that we will see an initial lowering of 24.5 percent on rates that parallel increases we might see from Tennessee-American based on their rating experience. He stated he cannot really forecast the future that closely; that in simple terms if 24.5 percent is lower than Tennessee-American's the day we take over, 30 years later it will be 24.5 percent. He stated Tennessee-American would have gone up and throughout that period it will be 24.5 percent lower.

Councilman Hakeem stated he gathers what Admin. Boney is saying is that initially 24.5 percent, if in a normal situation, the next year there would have been a rate increase if Tennessee-American had maintained it; that to maintain the system ourselves we would make those normal increases.

Admin. Boney stated that is a fair statement based on their historical rate increases in the past as stated in Schedule IV-6.

Councilman Hakeem stated basically even though the increase takes place we would still be 24.5 percent lower than a private entity would be. Admin. Boney responded "right".

Councilman Hakeem stated in the financial assumptions over a fixed 30-year rate, what Admin. Boney is saying is this is within the norm. Admin. Boney responded "no"; that basically we enter into 20 or 30 year fixed rate debt and we are constantly looking for refinancing opportunities to lower the rate and we do that to take advantage of lower interest rates.

Councilman Hakeem stated the material we are seeking from Tennessee-American as to what the system actually looks like, what impact could that have on the assumptions we have?

Admin. Boney stated he is not sure how they will impact the financial assumption; that he is not sure what we will be getting access to. He stated the attorney or engineer might be able to help us better.

RECESSED MEETING (Continued)

Mayor Kinsey stated one of the keys to this valuation or any valuation is price. He stated we will continue to revise and refine our pricing as we learn more through discovery; that this is very arduous and there is nothing simple about this. He stated one of the keys to this is the price; that we have assumed an \$85 million purchase price. He stated one of the keys is going to be what the system is valued at and is something we will learn much more about as we gain access to the system. He stated he would like to comment about the purchase price and why \$85 is a good number; that we continue to hear higher estimates that the company talks about. He stated that he thinks they have spent \$4-to-\$5 million in trying to scare people as to a very high purchase price; yet, nine months later from when we started he was told back in February by representatives of the Water Company they will have an appraisal very soon. He stated he wonders why we have not seen any hard numbers from them; that the only solid number that the Company has presented as to the value of the company is what they tell the State every year; that the fair market price is approximately \$70 million. He stated one of the things we will find out is the worth of the system and he is more encouraged every day; that the Company refuses to provide any evidence and indeed it may even be higher.

Councilwoman Hurley stated she would like to talk about debt; that we have had a good deal of scare tactics that we are burdening our grandchildren with debt. She stated, as she understands the scenario Admin. Boney proposed, the function of debt is maintenance and capital improvements and the repayment of debt is rate based. Admin. Boney responded “yes”.

Councilwoman Hurley asked if it is true Tennessee-American has debt today? Admin. Boney responded “yes”.

Councilwoman Hurley asked if it is built into the rate base? Admin. Boney again responded “yes”.

Councilwoman Hurley stated according to both scenarios after 30 years our debt would be \$70 million. Admin. Boney responded “from what we have figured”.

Councilwoman Hurley stated the notion must be in the newspaper headlines and letter that we are somehow creating greater debt on this system that is currently in place or would be in the future is untrue. Admin. Boney responded “our numbers would indicate that assumption”.

Councilwoman Hurley stated anyone’s numbers would; that there is a lack of understanding in the community that the only way in private or public industry to make capital improvements is through debt. She stated the way to retire debt in this case is rate based; that they retire debt based on their rate base and we on our rate base. Admin. Boney responded “that is exactly the truth”.

RECESSED MEETING (Continued)

Councilman Taylor stated that is a very good point Councilwoman Hurley brought out; that in layman's terms this would be a self-supporting operation. Admin. Boney responded "absolutely".

Councilman Taylor stated the acquisition price is listed as \$85 million. He asked if we have any other scenarios and whether we have "plugged in" any other figures in that spot? Admin. Boney responded "not in this analysis".

Councilman Taylor asked if that will be forthcoming or considered at all? Admin. Boney stated there is no plan to change this estimate right now; that we are not motivated at all to accept some extremely high number as he sees it.

Councilman Eaves stated he is very much interested in our beginning the discovery process; that it does not make any sense whether the City of whatever company owns it; that sometime over the next 30 years he thinks there is probably going to have to be a total replacement of the plant itself. He stated he does not think either side should be in the business of trying to fool the public about this because when you go to replace the plant it will cast "X" number of dollars. He stated when the plant is replaced it will have to be reflected in the rate base and we will have to have an evaluation from the Water Company to allow us to get into the discovery process and find out what the figures are and the condition of the plant itself. He stated he would be very much satisfied if we could speed that process up and get further down the road.

Councilman Franklin stated as Admin. Boney reflected on the two different scenarios, in Scenario I where a 1.3-to-1 debt ratio is reflected, he noticed that is a lesser degree of savings to the tune of 1 percent from 24.5 percent in Scenario I to a 23.5 reduction in Scenario II based on a 1.3 debt ratio, but a significant amount of savings over a ten year period to the tune of some \$40 million dollars. He asked Admin. Boney to correlate the two in layman's terms and the relationship between a reduction in rate and the savings.

Admin. Boney stated basically you have to check the debt service ratio; that Scenario I is where you have a benchmark from which capital funds are available from revenues to pay for capital expenditures. He stated what happens is you are able to pay more as you go rather than issue debt in the second case (scenario) because you have maintained cash sufficiently. He stated we have the same capital expenditure profile in both cases; that in Councilman Eaves' point, doing some level of maintenance repair and replacement is in both scenarios. He stated in the second scenario with higher debt service the cash becomes available in subsequent years for expenses on capital projects and there is a trade-off there. He stated the rate savings are one of the trade-offs we have to make.

RECESSED MEETING (Continued)

Councilman Franklin stated as that relates to what Councilman Eaves stated earlier about the discovery process, we may find it is reasonable to find additional problems in the system itself; that it may reduce the actual price of what the system will be worth. Admin. Boney responded “absolutely”; that there will be an adjustment of the valuation.

Councilman Franklin asked if that is a reasonable assumption at this point. Admin. Boney responded that he “believes it is”.

Mayor Kinsey stated he was going to add again that what we are looking at is a financing plan and it is not the total economic benefit. He stated overall benefits are greater than what we are showing. He stated we are still reaping a savings in excess of over \$100 million. He stated in 30 years this community would only own \$30 million of this system with a tremendous amount of capital improvements factored in. He expressed agreement with Councilman Eaves’ statement that there could be a need for higher capital expenditures.

Councilman Hakeem stated his question is more of a political question to the Mayor as opposed to Admin. Boney. He stated not only the Mayor, but this Council, has been portrayed by elements through the media that we are deceitful, untrustworthy, incompetent or unethical. He asked what it is in the Mayor’s “track record” that says that he is not going to skyrocket rates; that he is going to do this by any means necessary and that it is not in the interest of the children? He asked the Mayor what he has done and what it is that makes people think he will do the right thing.

Mayor Kinsey expressed that he was not sure how to answer; that he certainly has not seen anything portrayed by any of the media or public other than what has been paid for by the Water Company. He stated in paid media you can say whatever you want to say; that \$4-to-\$5 million will buy a lot of “stuff”. He stated other than that he has not seen any of the comments Councilman Hakeem made. He indicated that he thinks people are excited about the progress we are making and where we are headed; that it is a great time to be here and involved. He stated we are a city of the next decade and in the next millennium and we will “shine”. He stated we have to remember this is not a business, this is a monopoly; that they are worried about a 130-year business model being changed and disrupting their entire business. He stated they see this as fighting for corporate survival throughout the City. He stated Lexington is looking at purchasing their system from the company which was the result of a proposal by the company to raise rates 25 percent to run a pipeline 60 miles to another water source to serve more customers. He stated this is a company that does not care about the citizens they serve; that they care only about their stockholders and that is it, plain and simple! He stated we have seen three-to-four different spokespersons come in and they don’t care what they say. He stated this is our home, where we live and we care about what we say and say the truth and just the truth!

RECESSED MEETING (Continued)

Councilman Hakeem asked if the Mayor and Council lowered property taxes; whether the Mayor and the Council have brought about more services on less money; and whether the Mayor and the Council have lowered the budget by \$1 million – “little” things like that! He stated we are not in the business of gouging people.

Mayor Kinsey responded "yes" we have (made the accomplishments Councilman Hakeem referenced); that it is a pleasure to serve with all on the Council.

Councilwoman Hurley stated one of the other things we hear is we have not gotten our story out; that we will acknowledge that is true because it is difficult to do that and be in competition with a well orchestrated campaign. She stated it is a very complicated story and would ask our financial experts if they might comment on the differences between utility financing and municipal financing and standard corporate financing, as there are substantial differences. She asked if there are substantial differences when you compare a municipal financing structure and a utility financing structure and put them together? She stated they don't lend themselves to the traditional accounting analysis.

Lex Warmoth, Vice President of Raftellis Financial Consulting, stated he has not been as directly involved in this analysis as others but has had a chance to get “up to speed” and address Councilwoman Hurley's question. He stated there are three factors they looked at; that the first is the prime cost difference that adds up over time; that the second are the taxes the private company has to pay, which adds up to a significant chunk of dollars. He stated the third is one they have talked about, which is the operation and maintenance; that it is a reasonably fair comparison to make between the overhead and management fees transferred to the corporate offices of the Tennessee American Water Company that the private operator working for the City will not pay. He stated those are the three primary areas and there are several smaller differences; that these are the biggest differences. He suggested that the Council look at the schedules in the analysis as these are the three areas that have shown savings; savings that build up over time.

Councilman Franklin stated Mayor Kinsey made reference to a comparison as it relates to Lexington, Kentucky being involved in the same process. He stated it is his understanding there are a few fundamental differences as to who the actual proponents are in acquiring the system and those who are against as it relates to the scenarios here in Chattanooga. He asked the Mayor to elaborate on the matter briefly and stated it is his understanding the Mayor in Lexington is not a proponent.

Mayor Kinsey stated he is not that familiar with each individual situation; that Lexington is not at the point Chattanooga is. He stated Council members there are beginning to talk about wanting to purchase and he has not spoken with the Mayor and does not know. He stated he knows in Peoria the Mayor and Council are well along the way about the same process as we are; that we have moved ahead of them.

RECESSED MEETING (Continued)

He stated he recently received communication from some of the government leaders in West Virginia where Mr. Schultz came from and there is quite a bit of unhappiness about how American is operating there. He stated it is important to remember of the 150 cities in the United States only eight are privately owned. He stated we are slow to change in this community and does not think that is bad; that we need to start catching up. He stated over 90 percent of the people in the county get their water from systems they own and we do not need to be the last one. He stated it too important to our growth and we have great growth ahead; that we need to take control like the rest of the county and the other cities in Tennessee, Georgia, the south and throughout this country. He stated we need to not be at any disadvantage and we need to change that.

At this point Chairman Lively "opened the floor" for persons from the media and those in attendance to ask questions. There being none, the meeting was adjourned.

(Information distributed is filed with minute material of this date.)

ADJOURNMENT

Chairman Lively adjourned the meeting until Tuesday, September 28, 1999 at 6 p.m.

CHAIRMAN

CLERK OF COUNCIL

**(A LIST OF PERSONS IN ATTENDANCE IS FILED
WITH MINUTE MATERIAL OF THIS DATE)**

